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Belgrade Explains Shortfall in Soviet Credit Deal

A week after the Soviets signed an agreement for \$540 million in credits to Yugoslavia, Tanjug broadcast a detailed explanation of the reduction from the \$1 billion figure that was forecast earlier.

The credits are to be used in reconstructing 30 of the 59 Yugoslav facilities which Belgrade had originally proposed. Failure to agree on the remaining 21 projects was explained as follows: in eight projects, Soviet equipment was not available "because it is obsolete"; in two projects, the equipment will not be available for several years; and in eleven projects, with a total value of \$450 million dollars, further discussions on details are required.

Belgrade still apparently is hopeful that these eleven will eventually receive the necessary credits. The charge that Soviet equipment in the eight cases was found to be obsolete suggests that the Yugoslavs resisted efforts to dump antiquated equipment on them.

Deliveries of equipment will begin next year with repayment commencing a year later at a 2% interest rate. The credits will be used in the coal, oil, iron, steel and nonferrous metal, cement, shipbuilding, agriculture and transport industries. The Yugoslavs say that completion of these projects will produce six million tons of coal, two thousand megawatts of electric power, and "considerably more" coke, alumina, cement, bauxite, lead, zinc, and nickel.

Belgrade's current headache is to apportion the new projects to the various regions without creating jealousies. It seems likely that the largest share will go to less developed regions in the South. 25X1

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